

Environment and Green Investment Committee Minutes

Date: 11 July 2024

Time: 10:00 a.m. – 10:53 a.m.

Venue: New Shire Hall, Alconbury Weald

Present: Councillors Lorna Dupré (Chair), Nick Gay (Vice-Chair), Anna Bradnam, Steve Corney, Steve Count, Piers Coutts, Stephen Ferguson, Ian Gardener, John Gowing, Ros Hathorn, Catherine Rae, Mandy Smith, Steve Tierney, Graham Wilson and Andrew Wood

202. Notification of Chair and Vice Chair

The Committee noted the appointments by Council of Councillor Lorna Dupré as Chair and Councillor Nick Gay as Vice Chair of the Environment and Green Investment Committee for the municipal year 2024/25.

203. Apologies for Absence and Declarations of Interest

Apologies for absence were received from Councillor Peter McDonald (substituted by Councillor Graham Wilson).

Councillor Wilson declared an interest in Item 6: March Household Waste Recycling Centre Redevelopment, in that he had worked for the Environment Agency prior to his retirement but had no dealings with waste.

204. Minutes – 18 April 2024

The minutes of the meeting held on 18 April 2024 were agreed as a correct record and signed by the Chair.

While discussing the Minutes Action Log, members were informed there was one update to note. A briefing note on whether the Council had considered using methane produced by landfill as a source of hydrogen for fuel was circulated to Members in February, therefore that action was complete.

205. Petitions and Public Questions

No petitions were received.

A question was presented by local resident Darren Green who asked the Committee to consider recommending that the Council adopted a 100% plant-based internal catering

policy in line with its Climate Strategy Plan. In support of this request, Members were informed of the record-breaking global temperatures in 2023, the Council's recognition of this crisis evidenced in its own Climate Change and Environment Strategy, and the environmental concern over greenhouse gas emissions linked to the production of animal-based foods. Mr Green also referenced the National Food Strategy published in 2021 recommending a transition toward more plant-based eating.

The Chair stated that the Committee would be considering the Council's carbon footprint later in the year and would want to consider this issue in light of that review. Mr Green would receive a written response to his question within ten working days of the meeting.

206. Proposed Uplift in Framework Value for Re:fit 3

The Committee received a report on the proposal to increase the target value of the procurement arrangements for the delivery of the Council's energy projects. The County Council conducted a mini-competition under the Re:fit 3 Framework in 2017 for the delivery of energy projects. The report sets out the case to increase the target value from £50m to £75m. The extent and value of the project pipeline was not clear at the time the original framework was approved. Since then, the project pipeline was developed and approved and the construction industry had undergone a period of unprecedented change. The procurement of the mini competition was undertaken prior to Covid and the war in Ukraine and 18 months after EU Exit, before the effects on projects were fully clear. The report proposed increasing the price by the maximum 50% of the original value in accordance with the Public Contract Regulations (2015) Regulation 72(1)(b) and (c)(iii).

While discussing the report, individual Members:

- queried the realistic estimated increased costs of the projects. Officers explained that Table 3.1 in the report set out forecast total expenditure of around £59.317m, acknowledging that the costs could go slightly higher than this estimate. It was highlighted that the ongoing expenditure along with risks and other factors would be monitored by the Green Investment and Utilities Advisory Group as well as by the Committee. It was clarified that the report related solely to increasing the value of the framework and there was no funding or borrowing impact.
- raised concern over increasing the target value to the maximum allowable amount of 50% due to concerns that the approval becomes the target rather than maximum spend. It was clarified that no requests for additional capital on any projects were being made at this point, and the budget which was previously estimated at £50m was approved by Committee for this framework under procurement regulations. As the value of the projects is now known to be over £59m, there was a need to increase the framework value for the procurement process to remain compliant.
- addressed that this was a four-year programme which commenced in 2017, therefore would appear that it is three years out of date. Officers clarified that if a

project had commenced within the framework period, it would remain under the procurement and could continue past the initial four years.

- ascertained that this report was not seeking an increase in funding or borrowing for the projects. A Member suggested that the international inflation, though indisputable, was not the only reason for this being off track, off budget, and not delivering for the Cambridgeshire taxpayer.
- queried at what point compliance was triggered. Officers advised that variations were dealt with as they arose. The purpose of this request was to ensure the Council's £50m target expenditure was not exceeded before the uplift was approved, acknowledging it was over £48m already and therefore getting close. Members raised that the spending as of 30 May 2024 was only £1.8m short of the absolute cap and expressed concern this could have been exceeded as it is now July. Officers gave an assurance that spending was closely monitored and had not exceeded the current budget of £50m.
- raised concerns over the lateness of bringing this to the Committee for approval. It was acknowledged that the general election affected the scheduling of this meeting, however some Members expressed continued concern at the frequency of meetings under the current Administration.

On being put to vote, it was resolved to:

- a) Approve an extension to the target value for the contract awarded under the Re:fit 3 Framework in November 2017 from £50million to £75million for energy performance contracting as detailed in paragraphs 3.5 and 3.6 of the report.
- b) Delegate authority to the Executive Director of Place and Sustainability in consultation with the Chair and Vice Chair of this Committee to authorise the extension of this contract.

207. March Household Waste Recycling Centre Redevelopment

The Committee received an update on the March Household Recycling Centre (HRC) project position and details of the tender exercise and cost report, indicating that capital costs would exceed the original capital allocation by £576k. Approval was being sought for the submission of an Environmental Permit application to the Environment Agency required to operate the site, with consideration that the current wait time for permit applications was 12 months. Approval to proceed with construction at the increased capital cost of £576k to execute a contract for design and build, as well as submit a permit application to the Environment Agency would allow the Council to deliver a split-level site for the local community, and both wider and future residents of Cambridgeshire.

Officers advised that the report would normally have been taken to the Environment and Green Investment Committee first and then to the Strategy, Resources and Performance (SR&P) Committee. However, changes to the committee schedule

necessitated by the general election meant that it had been taken first to SR&P which *noted* and did not *approve* the additional capital funding of £576k.

Reference was made to confidential Appendix C. Members were asked if they wished to discuss in confidential session. None wished to do so.

While discussing the report, individual Members:

- acknowledged that many providers appointed following tender undertook their own checks. Following such checks, should additional services be required due to unknowns, such as archaeological finds, Members queried whether this would significantly affect the cost of the project. Clarification was provided that the current costing report factored in £300k as part of a risk pot and £105k as risk contingency. Though such unknowns were unforeseeable as this is a greenfield site, it was believed the costing based on the information received from tenders was accurate. This meant that theoretically, should no problems arise upon execution, the cost could be reduced by £405k. The contingency funding covered unforeseen circumstances and prevented the need to return to Committee for additional funding if needed, though the progress of milestones within the budget would be monitored throughout.
- queried whether the relocation would impact on any future review of the waste management Private Finance Initiative (PFI) contract. Officers clarified that the development would be a Council asset, built on Council owned land, and for Council use. The report at paragraph 2.5 identified it as a reverting asset back to the Council at the end of the PFI contract.
- raised that it was entirely appropriate to raise the matter of contingency for risk which may or may not get used, but that it did not appear to be a complicated site.
- reported that both local Members for March North and Waldersey were in full support of the proposals as the existing recycling centre in March was well-used but coming to the end of its life.

On being put to vote, it was resolved unanimously to:

Note the recommendation to Strategy, Resources and Performance Committee to ~~approve~~ **note** the additional capital expenditure of £576K, and subject to that approval:

- a) approve the preferred option to proceed with construction of the March HRC at an increased capital cost as set out in Section 3 of this report.
- b) delegate authority to the Executive Director of Place and Sustainability, in consultation with the Chair and Vice Chair of the Environment and Green Investment Committee, to award and execute a contract to the successful Design and Build Contractor.
- c) delegate authority to the Executive Director of Place and Sustainability, in consultation with the Chair and Vice Chair of Environment and Green Investment

Committee, to submit an application to the Environment Agency (EA) for the necessary Environmental Permit (EP) for this site.

208. Finance Monitoring Report – Outturn 2023-2024

The Committee received a report to review and comment on the outturn for 2023/2024. In February, there was an overspend forecast of £1.8m. However, during March, the waste position was reviewed, and it was decided a previous forecast of £800k operational savings from plants being closed would not be accrued, rather this would be addressed as part of a contractual change. In addition, a review of capital revenue spending saw feasibility work identified at £1.2m of capital expenditure charged to revenue, creating a pressure. These matters created a £2.2m change in position, therefore the actual term position across all of Place and Sustainability was an overspend of £4m. On the capital side, across Place and Sustainability, there was a slippage of £13.2m in excess of the capital programme variation.

While discussing the report, individual Members:

- acknowledged the economic factors affecting cost overrun, including Brexit, the war in Ukraine, inflation affecting rise in project costs, and the complexity of some projects including their innovative nature. Members addressed the condition in which projects were bequeathed to them and that Officers had worked to rectify this which added pressure on the Authority to deliver, as discussed in confidential session. Members also identified that these projects had been supported unanimously as they were believed to be valuable and demonstrated new ways of tackling climate change.
- commented that overruns on energy projects had cost the Council millions of pounds. This had been raised previously within this Committee as well as at Strategy, Resources and Performance Committee, at which a deep dive was requested to identify causation. The conclusion stated that these projects were complicated, and more time and money at the start of them was needed. Following discussion at SR&P the Section 151 Officer confirmed they would look at this again.
- The Chair identified that all groups had representation on the Green Investment and Utilities Advisory Group which analysed risk and where projects were thoroughly scrutinised.

The Committee reviewed and commented on the report.

209. Finance Monitoring Report – May 2024

The Committee received a report to note and comment on the financial position for May 2024/25. The Committee was advised that revenue across all of Place and Sustainability had a forecast overspend of £3.4m, composing of two elements. Firstly, waste with a pressure of £1.8m due to operational savings not being issued, and decisions being made later in the year on future contractual arrangements, hence plants

not becoming operational within this financial year. Secondly, pressure on energy projects forecasting £3m, with the main factor that electricity income was expected to be less than estimated due to wholesale electricity price reduction and income delays due to energy projects.

Regarding capital, Appendix 3 in the report reflected budgets carried forward and reprofiled from the last financial year as reported to the Strategy, Resources and Performance Committee, including the additional budget for March Household Recycling Centre and Smart Energy Grid Project.

While discussing the report, individual Members:

- queried whether the impact was known regarding re-basing of gas and electricity prices, with the plan that electricity would decrease in cost and gas would increase, anticipating this would have a knock-on effect on revenue from the Council's various solar projects. It was clarified that the report reflected the latest best estimates of the contractual price and pressure on the Council at this time.

On being put to vote, it was resolved unanimously to:

- a) Note the recommendation to Strategy, Resources & Performance Committee to approve the capital carry-forward and reprofiling as detailed in Appendix 3 of the Finance Monitoring Report; and
- b) Note the recommendation to Strategy, Resources & Performance Committee to approve the additional capital budget / funding as detailed on Paragraph 2.3 of this covering report.

210. Agenda Plan, Training Plan, Appointments to Outside Bodies and Internal Advisory Groups and Panels, and the Appointment of Member Champions

Two notes of correction to this item were reported by the Democratic Services Officer. The first was that this Committee did not appoint Member Champions, therefore this element could be disregarded. The second issue with reference to Outside Bodies, the Little Paxton Quarry Liaison Group ought to refer to Cllr Prentice as a Labour Member.

An error was identified in the dates of the appointment for the Conservator of the River Cam. Officers undertook to correct this. **Action required**

Cllr Dupré proposed the replacement of herself as the main Member of the Regional Flood and Coastal Committee with Cllr Coutts, and with herself acting as a substitute.

On being put to vote, it was resolved unanimously that the Committee:

- a) review its Agenda Plan attached at Appendix 1.
- b) review the appointments to outside bodies as detailed in Appendix 2.

- c) appoint Councillor Piers Coutts to the Anglian (Great Ouse) Regional Flood and Coastal Committee and appoint Councillor Lorna Dupré as substitute member.
- d) review the appointments to Internal Advisory Groups and Panels as detailed in Appendix 3.

Chair